

“Among the taken measures I’ll mark out the Law “On Insider Dealing and Market Manipulation”. I am not forecasting its quality so far, as it should be verified in the course of everyday practice, but in any case it is a significant event on the market.”

D.A. Medvedev

ADAPTATION OF WORLD EXPERIENCE IN INSIDER DEALING REGULATION TO SPECIFICITY OF THE RUSSIAN MARKET

Starikov A.M., South Ural State University

AN INSIDER INFORMATION IS...

In the USA

- Relevant
- Not made public
- The importance of insider
- The market reaction

In the EU

- Of precise nature
- Not made public
- Able to influence the prices significantly

+ Included in the FFMS list

= Russia's definition

A LEGAL ABUSE IS...

A Conducting of a transaction using insider information

In the USA

A person breaches :

- his own official duties for the issuer (as for primary insiders)
- the loyalty of the person being a source of the information (as for secondary insiders)

= A concept of fiduciary duty
(a relationship between an insider
and a company)

In the EU

A person is deemed to harm
the market

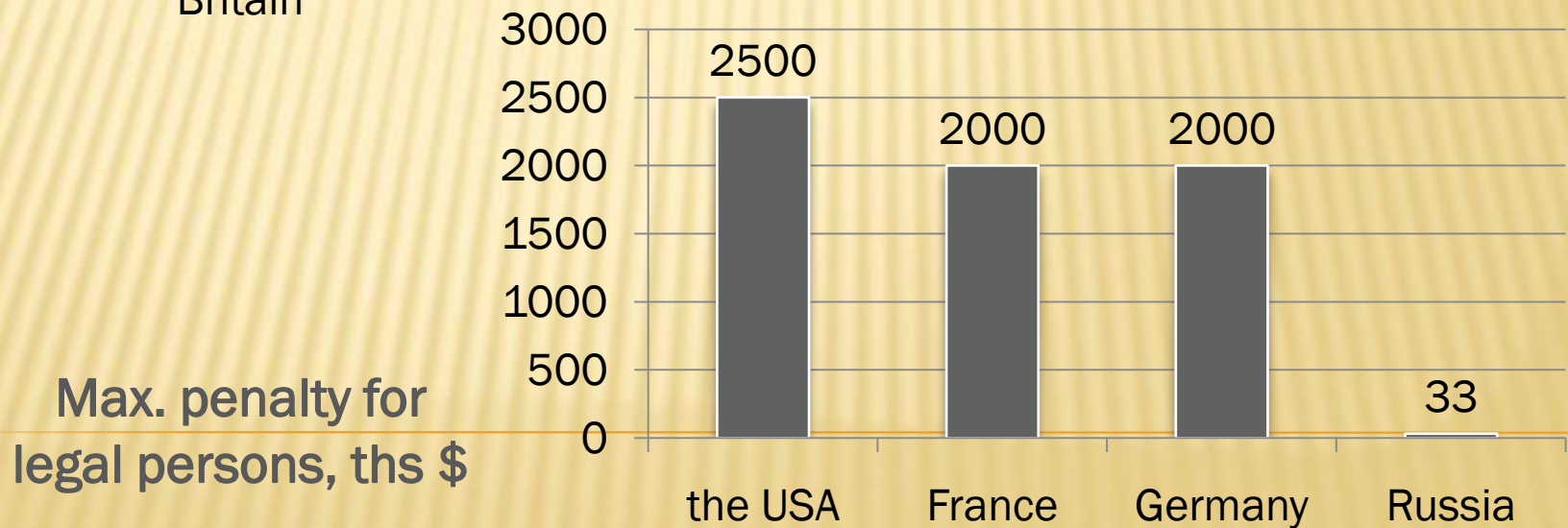
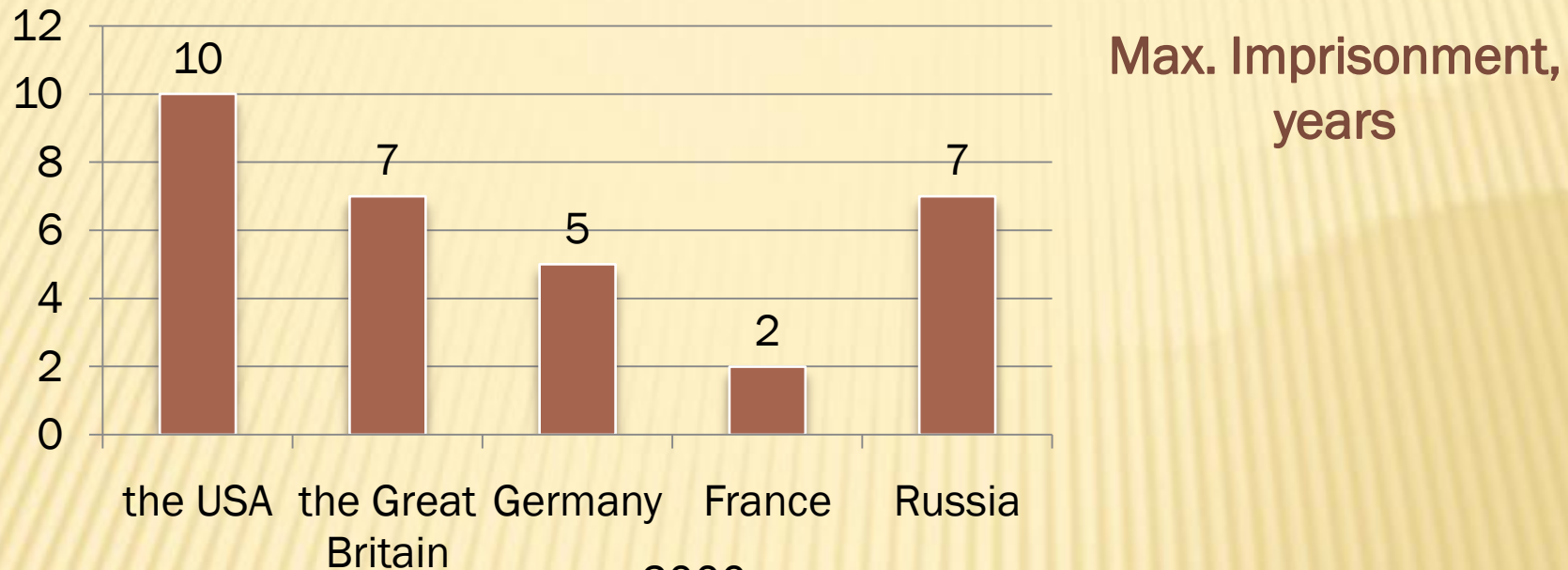
= A concept of the fraud
on the market

✓ Adopted by Russia

A REGULATION OF INSIDER DEALING IS BASED ON...

In the USA	In the EU
<p>The legislation that results from the administrative and judicial interpretation of the laws, regulating fraud and deceit</p> <hr/> <p>✓ The legislation is more flexible and dynamic to all unprecedented situations of insider information use on the financial markets</p>	<p>The special legislation, directed at the regulation of insider dealing</p> <hr/> <p>✓ Adopted by Russia</p>

A comparative analysis of the punishments



A comparative analysis of the punishments

- ✓ An expanding of the authorities' possibilities to carry out more efficient counteraction to illegal trading dealing by being more flexible in its prevention and suppression
 - A lack of practice in revealing the facts of illegal trading dealings and in carrying out the investigation and search operations
-

AN ACTIVE INVOLVEMENT OF...



the Self-Regulatory
Organizations

- Codes of fair dealing
- Supervision over their execution



the Ministry of
Communications

- A joint working group, including journalists
 - A Memorandum of cooperation for the complicated cases, affecting the media
-

AN EXPANSION OF THE WAYS OF DISCLOSING ILLEGAL INSIDER DEALING

A development of the present monitoring system, recording transactions on the securities market

- An adjustment of the abroad-used system's parameters to specificity of the Russian market

- An informing of the market participants (especially regional companies)

- An adoption of a security policy

A monitoring of insider information spread via informal Internet communities

A CREATING OF THE EXACT AND CLEARLY DEFINED CRITERIA FOR...

- Significant price variance
 - Significant change in demand and supply
 - Significant change in trading volumes
 - Non-standard transaction
(=“Queer transaction”?, Enactment of the FSC №03-8/пс)
-

A FURTHER COOPERATION WITH INTERNATIONAL REGULATORS...

The Law removes the last barrier which has blocked the signing of the multilateral memorandum with the International Organization of Securities Commissions (IOSCO) and the further development of cooperation of Russia with a group of the international regulators.

- ✓ an adoption and adaptation of world experience of insider dealing regulation to specificity of the Russian market;
 - ✓ an influence on the future development of the international regulations for financial markets for the benefit of national interests.
-

JUST A NORMAL DAY AT THE NATION'S MOST IMPORTANT FINANCIAL INSTITUTION...



KAL 99 2000-1000 2001
FOR EMBL/ATV



**THANK YOU
FOR YOUR
ATTENTION!**